

Sumitomo Chemical Acquires World's First Carbon Credits for Reforestation Project

Sumitomo Chemical has acquired carbon credits (*1) for a reforestation project supported by the World Bank's BioCarbon Fund, together with other participant companies. This is the world's first issuance of carbon credits, called temporary Certified Emission Reductions (tCERs) (*2), for a forestry project under the Clean Development Mechanism (CDM) (*3) of the Kyoto Mechanisms (*4). The amount of credits Sumitomo Chemical has earned from the reforestation project called Reforestation as Renewable Source of Wood Supplies for Industrial Use in Brazil is equivalent of approximately 50,000 tons of CO₂.

The BioCarbon Fund, founded by the World Bank in May 2004, is a mechanism under which its participants obtain carbon credits in return for their investment in projects in such areas as afforestation and forestry management. Utilizing CDM, one of the platforms available under the Kyoto Mechanisms of the Kyoto Protocol, the Fund currently supports 14 projects in 12 countries.

Sumitomo Chemical has been a participant in the BioCarbon Fund since 2005, helping restore ravaged land, protect water resources, preserve biodiversity, reduce greenhouse gas emissions by financing afforestation and other projects in developing countries, poor countries, etc.

Sumitomo Chemical, as one of its management's top priorities, places importance on contributing to the sustainable development of society through bringing innovations in chemical technology and is constantly engaged in various initiatives and activities to improve production efficiency or preserve the environment, among other things. In addition, Sumitomo Chemical is also working to utilize the BioCarbon Fund as well as other available mechanisms with the aim of further contributing to prevention of global warming and environmental improvement in local communities in developing countries.

***1 Carbon credits**

Carbon credits are awarded upon implementation of a project to reduce greenhouse gas emissions. The amount of emission reductions or absorption increments resulting from the project is converted to credits.

***2 temporary Certified Emission Reductions (tCERs)**

Temporary CERs (tCERs) are carbon credits awarded for afforestation and reforestation CDM (A/R CDM) projects. CO₂ that has been sequestered in trees could be released back into the atmosphere in such instances as when forest fire breaks out or when trees wither or die owing to damage from pests. Therefore, unlike ordinary CERs, tCERs granted under A/R CDM expire on a specified date.

***3 Clean Development Mechanism (CDM)**

The Clean Development Mechanism is one of the Kyoto Mechanisms under the Kyoto Protocol

whereby a developed country financially assists a developing country to implement projects on such areas as renewable energy and improvement in energy efficiency, aimed at reducing greenhouse gas emissions. Carbon credits having accrued from the project, computed on the basis of the resultant emission reductions or absorption increments, are allocated among individual participants in the project.

*4 Kyoto Mechanisms

Mechanisms enacted by the Kyoto Protocol that will permit flexible implementation of the reduction target achievement for greenhouse gases. A country makes investments to reduce emissions in other countries and earns certain credits, as its own country's credits, that are computed on the basis of achieved emission reductions in whole or in part.

[Reference]

Projects Funded by Sumitomo Chemical (The subject CDM project highlighted)

Country	Project title
Republic of Albania	Assisted Natural Regeneration of Degraded Lands in Albania
Federative Republic of Brazil	AES Tietê Afforestation/Reforestation Project in the State of São Paulo, Brazil
Federative Republic of Brazil	Reforestation as Renewable Source of Wood Supplies for Industrial Use in Brazil
People's Republic of China	Facilitating Reforestation for Guangxi Watershed Management in Pearl River Basin
Republic of Colombia	San Nicolas Carbon Sink and Arboreal Species Recovery Project*
Republic of Colombia	Caribbean Savannah Carbon Sink Project*
Republic of Costa Rica	Fonafifo Coopeagri Project*
Federal Democratic Republic of Ethiopia	Humbo Ethiopia Assisted Natural Regeneration Project
India	Improving Rural Livelihoods through Carbon Sequestration by Adopting Environment Friendly Technology Based Agroforestry Practices
Republic of Kenya	Aberdare Range /Mt.Kenya Small Scale Reforestation Initiative
Republica Moldova	Moldova Soil Conservation Project
Republic of Nicaragua	Southern Nicaragua CDM Reforestation Project
Republic of Niger	Acacia Senegal Plantation Project*
Republic of Uganda	Uganda Nile Basin Reforestation Project

*Not registered with UN